

DFB-26646

DFB 26646

12 MAY 1953

CONFIDENTIAL
BY SPECIAL MESSENGER

Director
Central Intelligence Agency
2430 E Street, Northwest
Washington, D. C.

Attention: Mr. Frank G. Wisner
Deputy Director, Plans

Dear Sir:

For your information, I am attaching hereto
communications which may be of interest to you.

Very truly yours,

J. Edgar Hoover
John Edgar Hoover
Director

SECURITY INFORMATION - CONFIDENTIAL

1-76

RI COPY

DECLASSIFIED AND RELEASED BY ^{gd} FOR COORDINATION WITH
CENTRAL INTELLIGENCE AGENCY
SOURCES METHODS EXEMPTION 3B2B
NAZI WAR CRIMES DISCLOSURE ACT
DATE 2004 2006

FBI

FEDERAL BUREAU OF INVESTIGATION

Form No. 1
THIS CASE ORIGINATED AT

REPORT MADE AT NEW YORK	DATE WHEN MADE APR 20 1953	PERIOD FOR WHICH MADE 2/23-25, 1953 3/1, 1953	REPORT MADE BY WILLIAM E. KATZ
TITLE INTERNAL SECURITY IN THE UNITED STATES			CHARACTER OF CASE INTERNAL SECURITY - R
<p>SYNOPSIS OF FACTS:</p> <p>Information received reflects General Nathan Rosenberg wrote a letter in August, 1948 to the Swiss courts in which he contested the legal right of ALGERIAN GOVERNMENT to control a former Russian Government owned fund. Said letter mentioned a "public demonstration", which has been determined to be a summary statement of the FBI investigation of communist activities.</p> <p style="text-align: center;">- 72 -</p> <p>DETAILS:</p> <p>Confidential Informant T-1, of known police identity, on February 23, 1953, advised that during the transition of the Russian Government from the National Administration to the People's Republic of China, a large sum of money was set up in a fund which has come under the control of ALGERIAN GOVERNMENT. This fund was established to aid Russian refugees abroad and was deposited in a bank in Switzerland. When the Government came to power there was enough knowledge of the existence of the fund to cause a demand for its recovery. The fund was brought in the Swiss Courts for its recovery. The fund was subsequently found to be in the hands of the ALGERIAN GOVERNMENT, but did not decide to return the fund.</p>			
APPROVED AND FORWARDED:		DO NOT WRITE IN THESE SPACES	
COPIES OF THIS REPORT			
2 - Bureau (100-44)(RM) 1 - Washington Field (105-2745)(Info)(RM) 1 - New York (100-13949)(1 - 100-44)			

PROPERTY OF FBI—THIS CONFIDENTIAL REPORT AND ITS CONTENTS ARE LOANED TO YOU BY THE FBI AND ARE NOT TO BE DISTRIBUTED OUTSIDE OF AGENCY TO WHICH LOANED.

100-44-178 ENCL 1

NY 100-10340

retaliatory action by Rumania against Swiss citizens or their funds in Rumania. After long delays it was decided by the Swiss Courts that the funds be impounded or frozen.

The Rumanian refugee situation in the United States has been troubled ever since by the efforts of General RABESCU and his group to utilize this money for political purposes. CONSTANTIN, on the other hand, steadfastly refused to make it available for this purpose. In the course of time General NICOLAE RABESCU began losing his influence among the refugees. He resigned from the Rumanian National Committee and established the Association of Free Rumanians in the United States (AFR in US), an alleged non-political organization, with the latter as a nucleus he then, without obtaining the approval of the members of the AFR in US, launched into the formation of what has become known as the League of Free Rumanians (LFR), the affiliation of all Rumanian refugee groups outside of Rumania. This unilateral action brought protest from the members of the AFR in US and RABESCU resigned from that group also.

As will be subsequently set forth, General RABESCU dispatched a letter to the Swiss Courts, the text of which was objected to by the AFR in US, causing that group to withdraw from the LFR officially.

Confidential Informant T-1 advised a letter dated August 25, 1952 was sent to the Swiss court having jurisdiction in the matter of the funds handled by CONSTANTIN. This letter, in the French language, was written over the signature of General RABESCU. In summary it points out:

The writer:

1- States he was the President of the Council of Ministers of Rumania when the fund was established;

2- Proposes by his letter to bring about a situation by which all Rumanian exiles can be aided by the fund;

3- Enclosed a copy of a "public documentation" dated April 25, 1950 regarding Mr. CONSTANTIN VISOIANU, who, under

NY 100-10749

cash, declared to the Immigration and Naturalization Service of the United States that he possessed, in the United States, a sum of about \$150,000.00.

4- Charges that Mr. VISOLIANU, an Minister of Foreign Affairs, in 1945 took steps for a payment of six million Swiss francs of Romanian Government funds to his friend, Mr. CRETZIANU.

5- Charges Mr. VISOLIANU, when arriving in Switzerland in 1946, did not have \$150,000.00, therefore it follows CRETZIANU furnished VISOLIANU with that sum from the Romanian funds.

6- Says such personal profits gave the action a personal character.

7- States "from the CRETZIANU file it appears that Mr. VISOLIANU pretends to have signed" a letter to the Charge d'Affaires of the Romanian Legation of Bern, Switzerland dated January 12, 1945 instructing him to pay the sum of six million francs to Mr. CRETZIANU. "It also appears in the same file" the letter reached the Charge d'Affaires on February 10, 1945. The information was not made available to Mr. CRETZIANU until May 2, 1945. On that date CRETZIANU, by cable, requested the Charge d'Affaires to make the deposit to the Union of Swiss Banks. Compliance was made on May 4, 1945 and CRETZIANU was so informed on May 5, 1945.

8- States the Romanian Government headed by himself was unseated by VIKHITSKY on March 6, 1945. He has been told that after Mr. VISOLIANU was no longer Minister of Foreign Affairs he was reminded by a member of his former staff, (Mr.) PICHU/PODOREANU, of the existence of the fund. VISOLIANU then signed the letter dated January 12, 1945.

9- Contends that since the letter could only be sent by the diplomatic pouch of the office this is the only explanation for the delays in the transaction, and further that if the letter had reached Bern in February the payment in favor of CRETZIANU would have been made then and not in May. Therefore, since the payment was made in May it proved the letter was delivered in May and was antedated at a time when VISOLIANU no longer had the right to sign it.

Confidential Informant T-1 advised this is correct

NY 100-33949

exactly the contention of the Rumanian Government in its legal actions in the Swiss Court and has resulted in starting a new suit by the Rumanian Government in Switzerland. This action, started in August, 1952, was a final action against CRUTZIANU in the Court of Appeals and although decided in his favor was taken to a higher court, the Court of Cassation, where a decision is awaited. In January, 1953 a new suit on the basis of new evidence was instituted by the Rumanian Government. A third suit was begun against CRUTZIANU by General RABESCU in the name of the League of Free Rumanians, which was stated to include the APF in US (which had withdrawn from the League by vote in 1945 the existence of the RABESCU letter became known.)

Confidential Informant T-1 further furnished on March 17, 1953 a translation of an interview of CRUTZIANU by a correspondent of "L'Espresso", a monthly bulletin published in Paris, France, dated February, 1953. The interview was printed in question and answer form. In summary, Mr. CRUTZIANU stated the recently re-instituted law suits were re-opened exclusively on the basis of accusations brought against him in the RABESCU letter dated August 25, 1952. He claimed all the funds have been frozen since October 13, 1945 in spite of seven court decisions in his favor.

CRUTZIANU found it interesting to note that the author of the RABESCU letter knew exactly to which judge and court it should be addressed and that it should include the phrase "and a personal character". The RABESCU letter also quotes "from the CRUTZIANU file it appears", since CRUTZIANU has not shown his copy of the file to any of RABESCU's friends and the file of the court is secret the only other copy existing is that of the Communists (Rumanian Government).

CRUTZIANU contended that the RABESCU letter could only assist in placing the Swiss Court in the position of returning the money to the Rumanian Government, in spite of the fact that RABESCU has acknowledged receipt of funds from CRUTZIANU from the same funds. As the suit instituted on January 13, 1953, the Rumanian Government purports to use General RABESCU as their witness.

NY 100-11709

CRETZIANU attributes General RADESCU's actions to his age and deterioration of his mental properties particularly since he named FICHI ROSSNEANU as a witness. In fixing the blame for the situation CRETZIANU stated that for five years NICOLAE MALAXA has been a predominant influence over RADESCU. MALAXA, from 1946 to 1948, was an open agent in the United States of the Rumanian Communist Government and it is evident MALAXA did not go unrewarded. He received \$2,460,000 for "immunity" for a pipe factory taken by the Soviets. The decision to pay this sum was taken by the "Gross" Government. The decree dated April 12, 1945, the transaction of April 17, 1945 and the decision of the Council of Ministers on June 7, 1946 were all signed by GHEORGHIU-SUZ, head of the Rumanian Communist Party in Rumania. The stipulation that payment be made "abroad" in United States dollars, free of any present or future restrictions, was unique in that no other Rumanian regime ever made such a connection. At that time not even the United States or Great Britain was able to receive payments for Soviet seizure of their property.

Mr. CRETZIANU stated that the possible eventual loss of the money was not the only evil effect and added that the Rumanian Government was in a position to use the RADESCU letter in its efforts to discredit the Rumanian refugees.

Confidential Informant T-1 on March 20, 1953 made available a copy of an article which appeared as a photograph in the March 1, 1953 edition of "Patria", a Rumanian language paper published in Munich, Germany. The photograph was of the first page of a United States Immigration and Naturalization Service documentation pertaining to CONSTANTIN VISOIANU and entitled, "Proceedings Under Section 4 of the Displaced Persons Act of 1948" and bore the date April 23, 1950. (It was from this that General RADESCU quoted Mr. VISOIANU as having entered the United States with about \$150,000.00).

Confidential Informant T-2, of known reliability, on March 31, 1953 advised he had heard from two fairly reliable sources that NICOLAE MALAXA has agents in the New York office and the Central office of the Immigration and Naturalization Service. In fact, MALAXA has been able to infiltrate all the United States Government agencies of interest to him, except the FBI. MALAXA further displayed his ability to obtain Immigration and Naturalization Service information by quoting to EMIL GHEORGHEAN a derogatory statement furnished to INS by GHEORGHEAN concerning MALAXA.

NY 100-33949

Confidential Informant T-2 advised he has heard no specific indication as to the identity of the person or persons in IES utilized by MALAXA, but pointed out that UGO CARUZI, former IES Commissioner at New York, is currently the Washington attorney representing MALAXA. CARUZI is known to have a brother in IES and may have made appointments of his own in New York during an emergency period when Civil Service procedure was superseded.

According to this source, General RADSCU claims to have received the documents anonymously in the mail.

Confidential Informant T-3, of known reliability, on April 2, 1953, advised that during the period when NIMAI ANTONESCU was the Foreign Minister and President of Romania he established a fund in the name of VESPASIAN PELLA, which was a secret fund for government purposes and was maintained in Swiss banks. After King MICHAEL's coup d'etat in 1947, RUZICU was appointed Foreign Minister. He renounced the fund to NICOLAE (NICKI) BUCURARIU in the Romanian Legation at Bern, Switzerland. In January, 1948, CONSTANTIN VISOIANU was made Foreign Minister and in February, 1948, ordered the Swiss bank to recognize the signature of ALEXANDRU CRETIANU and himself.

The source was in a position to know that the correspondence concerning this transaction was carried out in January and February, 1948.

In 1946 when CRETIANU began using the funds the Swiss Government blocked them at the request of the Romanian Government, which by that time was Communist dominated. However, while the entire fund cannot be withdrawn it was privately arranged that CRETIANU could draw upon the funds pending final decision of the Swiss courts.

CONFIDENTIAL